



AmInvestment Bank

Retail Research

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TECHNICAL STRATEGY

Potential Long-Term Winner: REITs

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Rationale for report: Market Update

Key Indicators

Technical analysis

52-week high

Chart patterns

Exponential moving averages

(i) 21-day EMA

(ii) 50-day EMA

(iii) 200-day EMA

Investment Highlights

The local equity market continues to gain traction, with the FBM KLCI sustaining its uptrend and remaining above the rising 200-day exponential moving average (EMA), a key indicator of long-term market strength. The Bursa Malaysia REIT Index (KLREIT) leads sector performance YTD (+8.7%), supported by solid momentum and favorable sector tailwinds. The REIT sector remains attractive as a defensive yet cyclical recovery play, underpinned by potential interest rate cuts, tourism recovery, and Johor's rapid growth driven by the RTS Link and Singapore–Johor SEZ initiatives. Softer yields and lower financing costs further enhance the relative appeal of REIT yields versus fixed-income alternatives. Top momentum picks: **IGB REIT, Sunway REIT, Axis REIT, and YTL Hospitality REIT.**

- **KLCI outlook: Sustained uptrend.** The FBM KLCI Index is nearing its YTD high of 1,658, marking a clear reversal from a prolonged downtrend into an established upward channel. The index continues to trade above its rising key EMAs, signaling sustained bullish momentum. While near-term consolidation may occur around the upper channel, the outlook remains positive as long as it holds above 1,600. A decisive breakout above the YTD high could pave the way toward 1,685–1,700.
- **REITs: Defensive yet cyclical recovery play.** The REIT sector benefits from multiple structural and cyclical drivers. Easing monetary policy in a non-recessionary environment, combined with tourism recovery and Johor's growth initiatives, creates a favorable backdrop for REIT performance. Lower financing costs and a softer yield environment enhance REITs' attractiveness relative to fixed-income instruments, while the upcoming Visit Malaysia 2026 initiative supports the hospitality segment. Johor's ongoing transformation through the RTS Link and the Singapore–Johor SEZ is expected to spur industrial demand and sustain retail footfall, benefiting REITs with strategic exposure to the region.
- **REIT Index: Uptrend remains intact.** KLREIT, the best-performing sector YTD (+8.7%), continues to sustain a healthy uptrend with a consistent pattern of higher highs and higher lows since the April pivot low. The index recently rebounded from key support near 915, while the key EMAs continue trending upward—confirming bullish momentum. As long as it holds above 915, the uptrend remains intact.
- **Stock Picks – REIT Sector.** A screening framework combining technical indicators and thematic drivers highlights REITs with strong momentum and exposure to structural growth themes. REITs with exposure to prime retail malls, active portfolio optimization through strategic disposals or yield-accretive acquisitions, hospitality recovery, as well as industrial and diversified REITs with Johor exposure, stand out as key beneficiaries. From a technical perspective, preference is given to names trading above their 200-day EMA and near 52-week highs, signaling sustained strength. Based on these criteria, our preferred REIT momentum picks are **IGB REIT, Sunway REIT, Axis REIT, and YTL Hospitality REIT.**

EXHIBIT 1: BURSA MALAYSIA KLCI INDEX (FBM KLCI)

Exponential Moving Average (EMA): Orange line = 21-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmlInvestment Bank

KLCI nears YTD high. The FBM KLCI has transitioned from a prolonged 11-month downtrend into a clear upward channel, signalling a potential trend reversal. The index has broken above the downtrend line drawn from the 2024 peak, confirming a structural shift in sentiment from bearish to bullish. It now trades above the rising 21-, 50-, and 200-day EMAs, indicating a bullish crossover and sustained upward momentum. While the index has recently consolidated near the upper bound of the channel, the overall outlook remains positive as long as it holds above 1,600. Resistance is seen at the YTD high of 1,658 and the 2024 peak of 1,685, with the 1,700 psychological mark serving as the next key target. On the downside, support is located at 1,600 and 1,560. A decisive close above the YTD high could pave the way toward the 1,685–1,700 range, whereas a breakdown below 1,560 would signal a potential deeper correction.

EXHIBIT 2: BURSA MALAYSIA REIT INDEX (KLREIT)

Exponential Moving Average (EMA): Orange line = 21-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmlInvestment Bank

KLREIT is the best-performing sector YTD. The Bursa Malaysia REIT Index (KLREIT), which has gained about 8.7% YTD, continues to trade in a healthy uptrend, forming a consistent pattern of higher highs (HH) and higher lows (HL) since the April pivot low. KLREIT recently rebounded from the latest higher low near 915, which now serves as key support. The 21-day, 50-day, and 200-day EMAs are trending upward, confirming sustained bullish momentum. As long as the index stays above the 915 support and the key EMAs maintain their upward slope, the uptrend remains intact. A breakout above the recent high could signal the next leg higher, while a close below this support may point to potential trend weakness. Immediate resistance is seen near 954.

STOCK PICKS

Technical views on IGB REIT, Sunway REIT, Axis REIT, and YTL Hospitality REIT

EXHIBIT 3: IGB REIT (IGBREIT | 5227) | PRICE: RM2.71



Source: AmlInvestment Bank

Investment thesis. IGB REIT offers resilient earnings supported by its prime retail assets—Mid Valley Megamall and The Gardens Mall—which continue to deliver strong occupancy and positive rental reversions. Earnings visibility is further reinforced by sustained footfall recovery, prudent cost management, and a robust balance sheet. The planned acquisition of Mid Valley Southkey Mall in Johor by end-November 2025 will expand its portfolio and income base. With stable yields and exposure to Malaysia's consumer and tourism recovery, IGB REIT remains a high-quality, defensive yet cyclical recovery play in the longer term.

Technical analysis. After testing the RM2.60 support level a few sessions ago, the stock rebounded and formed a bullish hammer pattern, possibly indicating a return of buying interest. With the 21-day and 50-day EMAs now converging and likely to turn upward in the near term, bullish momentum appears to be strengthening. A bullish bias may emerge above the **RM2.60** level, with a stop-loss set at **RM2.43**, below the 200-day EMA. On the upside, near-term resistance is seen at **RM2.85**, followed by **RM3.00** and **RM3.30**.

EXHIBIT 4: SUNWAY REIT (SUNREIT | 5176) | PRICE: RM2.17



Source: AmlInvestment Bank

Investment thesis. Sunway REIT delivers resilient earnings underpinned by a diversified portfolio spanning retail, hospitality, office, and industrial segments. Its flagship assets—Sunway Pyramid Mall and Sunway Resort—continue to benefit from strong footfall within the integrated Sunway City ecosystem. Earnings visibility is reinforced by the hospitality recovery, stable retail occupancy, and proactive asset enhancement initiatives. Backed by a solid balance sheet and consistent dividends, Sunway REIT offers a high-quality, income-generating exposure to Malaysia's consumer and tourism recovery.

Technical analysis. The stock's uptrend remains intact as it has been closing near an all-time high recently. As long as it stays within the upward channel and key EMAs continue to rise, the bullish trend is likely to persist. A bullish bias may emerge above the **RM2.14** level, with a stop-loss set at **RM1.98**, below the 200-day EMA. On the upside, near-term resistance is seen at **RM2.30**, followed by **RM2.50**.

EXHIBIT 5: AXIS REIT (AXREIT | 5106) | PRICE: RM2.15



Exponential Moving Average (EMA): Orange line = 21-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmlInvestment Bank

Investment thesis. Axis REIT offers stable and growing income supported by a resilient portfolio of industrial, logistics, and warehousing assets with long-term leases and quality tenants. About one-third of its assets are located in Johor, where strong industrial demand and rental growth drive earnings momentum. Supported by strategic acquisitions, proactive management, and a solid balance sheet, Axis REIT provides defensive, income-generating exposure to Malaysia's expanding industrial and e-commerce sectors while capturing Johor's fast-rising manufacturing and logistics growth.

Technical analysis. The stock may extend its uptrend after hitting a new all-time high and continuing to trade within the upward channel in recent sessions. Supported by the upward slopes of key EMAs and above-average trading volume, additional near-term strength appears likely. A bullish bias may emerge above the **RM2.07** level, with a stop-loss set at **RM1.90**, below the 200-day EMA. On the upside, near-term resistance is seen at **RM2.40**, followed by **RM2.50**.

EXHIBIT 6: YTL HOSPITALITY REIT (YTLREIT | 5109) | PRICE: RM1.11



Exponential Moving Average (EMA): Orange line = 21-day EMA | Blue line = 50-day EMA | Black line = 200-day EMA

Source: AmlInvestment Bank

Investment thesis. YTL Hospitality REIT delivers stable income backed by a diversified portfolio of prime hotel and hospitality assets across Malaysia, Japan, and Australia. It focuses on Malaysia, where the ongoing tourism recovery drives occupancy and earnings growth. Long-term master leases with fixed and variable rent components ensure steady cash flow, while exposure to Japan

and Australia enhances diversification. Supported by prudent management and a conservative balance sheet, the REIT offers resilient yields and exposure to Malaysia's rebounding travel and leisure sector.

Technical analysis. The stock has regained buying interest after breaking out of a rounding bottom pattern a few weeks ago, implying that a bullish reversal may have occurred. With the stock now pushing near its all-time high and supported by rising EMAs, bullish momentum appears to be picking up. A bullish bias may emerge above the **RM1.09** level, with a stop-loss set at **RM0.99**, below the 200-day EMA. On the upside, near-term resistance is seen at **RM1.15**, followed by **RM1.30**.

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